

Message Text

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PAGE 01 STATE 045409
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DRAFTED BY STR:MBSMITH:ATN
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C O N F I D E N T I A L STATE 045409

FOR PHELAN FROM SMITH

E.O. 11652: GDS

TAGS: ETRD

SUBJECT: TEXTILES: MFA AND THE TSB

1. WOULD APPRECIATE YOUR ASSESSMENT ON HOW TSB WILL HANDLE
BILATERALS SUBMITTED TO IT UNDER ARTICLE 4 AND WHICH HAVE
BEEN NEGOTIATED UNDER COM/TEX/W/47. WE ARE ESPECIALLY
INTERESTED IN HOW THE TSB MEMBERS WILL SQUARE THE CONSENTING
ADULT THEORY (ADHERED TO STRONGLY BY BRAZIL, FOR EXAMPLE, AS
WELL AS HONG KONG, THE EC, AND THE US) WITH THE NOTION OF
REASONABLENESS, PARTICULARLY THE "PARTICULAR ELEMENTS IN
PARTICULAR CASES."

2. FROM THE FRAGMENTARY REPORTS WE HAVE, IT WOULD APPEAR
THAT THE EC MADE DEPARTURES FROM PARTICULARELEMENTS BUT,
REGRETTABLY, IN EVERY CASE. WE KNOW OF NO INSTANCE WHERE
FOR EXAMPLE, THE EC GAVE EVEN SMALL, INSIGNIFICANT SUPPLIERS
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PAGE 02 STATE 045409

THE MINIMUM MFA FLEXIBILITY. THIS WE WILL NOT KNOW FOR
CERTAIN UNTIL ALL THE EC'S BILATERALS ARE SUBMITTED. HOW-
EVER, IF THIS PROVES TO BE SO, CAN OR SHOULD A THIRD PARTY
PARTICIPANT FORMALLY RAISE THE MATTER BEFORE THE TSB?

3. WE REMAIN CONCERNED ABOUT THE PROVISION IN AT LEAST
SOME EC BILATERALS WHICH PERMITSTHE EC TO SEEK CONSULTATIONS

(AND EVENTUALLY RESTRAINTS) WITHOUT REFERENCE TO MARKET DISRUPTION. TO OUR KNOWLEDGE, NEITHER THE MFA NOR COM/TEX/W/44 WOULD SANCTION THIS. WHAT ARE THE VIEWS OF OTHER TSB PARTICIPANTS ON THIS?

4. FROM RECENT CONVERSATIONS WITH HONG KONG OFFICIALS, IT APPEARS HONG KONG WILL COMPLAIN BITTERLY ABOUT ITS NEW EC BILATERAL. WHAT SHOULD BE THE USG POSITION AND SHOULD WE JOIN IN?

5. FINALLY, FROM OUR RECENT CONVERSATIONS BOTH IN WASHINGTON AND ABROAD, THERE IS A GENERAL FEELING THAT THE TSB MEMBERSHIP IS UNBALANCED. AS IS WELL KNOWN, CANADA WANTS A FULL, CONTINUAL SEAT. HONG KONG BELIEVES JAPAN'S PERMANENT OCCUPANCY REPRESENTS A WASTED SEAT, GIVEN THE PRESENT INCUMBENT. THE ASEANS WANT MORE THAN A QUARTER OF A SEAT, AND NO ONE, SEEMS WANTS AUSTRIA WHICH IS REGARDED AS THE EC'S SECOND SEAT. JOHN BECK WILL APPARENTLY TAKE OVER FROM KLARIC ON THE EC'S SEAT, AND HONG KONG AND BECK ARE NOT LIKELY TO GET ALONG. THERE IS, IN ADDITION, SOME FEELING THAT THE USG, BY DINT OF ITS TSB REP'S SKILLS, CONTROLS THE TSB. ONE COMMON VIEW WE HAVE FOUND TO PREVAIL IS A DESIRE TO SEE ALTERNATES PLAY A MORE ACTIVE ROLE. BOTH THE NEW COMPOSITION AND THE CONDUCT OF THE TSB WILL BE MATTERS OF MORE THAN PASSING INTEREST THIS YEAR. USREP'S VIEWS ON THESE ITEMS WOULD BE APPRECIATED. CONFIDENTIAL

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PAGE 03 STATE 045409

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